

### **REMARKS/ARGUMENTS**

This Amendment is in response to the Office Action of December 31, 2008, in which the Examiner (1) rejected claims 1-9 under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter, (2) rejected claims 1, 4, 5, 8, 9, 19, 24 and 25 under 35 U.S.C. 103(a) as being unpatentable over U.S. Patent Publication No. 2004/0117300 (“**Jones**”) in view of U.S. Patent Publication No. 2003/0191715 (“**Pinizzotto**”) in further view of the Washington Shopping Plate Associates (“**Washington**”), (2) rejected claims 2-3, 6 and 20-22 under 35 U.S.C. 103(a) over **Jones** in view of **Pinizzotto** in further view of **Washington** and further in view of U.S. Patent Publication No. 2002/0178112 (“**Goeller**”) and (3) rejected claims 2-3, 6 and 20-22 under 35 U.S.C. 103(a) over **Jones** in view of **Pinizzotto** in further view of **Washington**, and further in view of U.S. Patent Publication No. 2002/0046341 (“**Kazaks**”).

Claims 1 and 19 have been amended. Claims 34 and 35 have been added (support for such new claims can be found in the Specification, e.g., at paragraphs 0023 and 0034). Claims 10-18 and 27-33 have been withdrawn.

Applicants acknowledge the election of claims 1-9 and 19-26 in a telephone conversation with the Examiner on December 19, 2008.

#### **Rejections under 35 U.S.C. §101**

Applicants have amended independent claim 1 to recite that steps are carried out in conjunction with a processor at the payment network (as is described in the Specification, e.g., at paragraphs 0031-0033). It is believed claim 1 (as well as its dependent claims 2-9) now fully meets the “machine or transformation test” for statutory subject matter as recently stated by the Court of Appeals for the Federal Circuit in *In re Bilski*, 545 F.3d 943, 88 U.S.P.Q.2d 1385 (Fed. Cir. 2008).

#### **Rejections under 35 U.S.C. §103**

As mentioned in Applicants’ earlier Response, Applicants’ invention has a purpose of avoiding disadvantages of credit-based private label cards (card accounts issued by a

merchant or a consortium of merchants for use only at those merchants). Such disadvantages include the customer fraudulently disputing the legitimacy of a transaction or defaulting on their agreement to pay (see Specification, paragraph 0005).

These disadvantages are overcome by the present invention with a private label card account that is debit-based, by associating the private label card account with a financial account of the customer maintained at a separate financial institution. When the private label card is used for conducting a transaction, the identifier for the private label card account is used to identify the financial account, where a debit is made for the cost of the private label card transaction.

Applicants have made minor changes to claims 1 and 19 to clarify and emphasize already recited features, and thus advance prosecution. It is believed that claims 1 and 19 as previously presented and as now amended are distinguishable from the cited references, and respectfully request withdrawal of the rejections under 35 U.S.C. §103.

In the embodiment of the invention in claim 1, there is recited, among other things:

“[a] computerized method for processing a transaction conducted by a customer presenting a private label card, *wherein the private label card is issued by one of a merchant and a merchant consortium that includes the merchant*, wherein the private label card is used as a form of payment accepted for transactions only at the merchant or merchant consortium, wherein the private label card is associated with an account against which transactions may be conducted, and wherein the account is identified by a private label card account identifier during a transaction,” and

“using the private label card account identifier to determine, with the processor in the payment network, account information that identifies *a separate financial account of the customer maintained by a financial institution that is separate from the merchant and merchant consortium that issued the private label card* and that identifies authorization

information that allows debit access to the identified financial account at the separate financial institution” (emphasis added).

Applicants respectfully submit that **Jones** and **Pinizzotto** (and the other references) as combined do not teach or suggest all the recited features of claim 1. In addition, even if it were assumed (for purposes of argument) that as combined they do disclose all the features of claim 1, it is believed that **Jones** and **Pinizzotto** have not been properly combined by the Examiner.

**Jones** discloses a payment card processing system where a “dual” private label card may be used as either a private label card or as a bankcard (paragraph 0029). If the card is used as a private label card, the private label card transaction is processed in a typical fashion and is posted and settled against a private label account maintained in a private label account database 36 (paragraphs 0037 and 0038). Specifically, no private label transactions are posted or debited against a financial account at a financial institution that is “separate from the merchant and merchant consortium that issued the private label card,” as recited in claim 1.

**Pinizzotto** discloses consumer card data and personal data (e.g., a signature) being encrypted at a customer terminal 10 and sent to a processing center 13 when a customer wants to order products over the Internet from a merchant having merchant stations 12. The order is processed so that the merchant does not receive the card account data, and the card data is transmitted only to the processor in encrypted form, avoiding unsecured access to the information by the merchant or others. The card data is used by the processor to verify availability of funds on a debit card, credit card or checking account (paragraph 0034).

**Pinizzotto** mentions in passing that the purchase card could be “a credit card, private label card, debit card, gift card or any other card,” but there is no specific implementation for a private label card transaction. The Examiner appears to take this brief mention of “private label card” as evidencing disclosure in **Pinizzotto** that “the cost of transaction conducted against the account of the private label card is authorized and paid by the financial institution based on the financial account” (see page 9 of the Examiner’s Remarks). However, there is no separate financial account (beyond the card account), and thus if there were a private label card involved

in **Pinizzotto**, the transactions would simply be transactions against the private label card account, and not debits against "a separate financial account of the customer maintained by a financial institution that is separate from the merchant and merchant consortium that issued the private label card," as recited in claim 1.

Thus, neither **Jones** nor **Pinizzotto**, either alone or as combined, teach or suggest a method as in claim 1, wherein a private label card account identifier "identifies a separate financial account of the customer maintained by a financial institution that is separate from the merchant and merchant consortium that issued the private label card," and wherein the cost of the private label transaction is "authorized and paid by the separate financial institution based on the debit transaction against the separate financial account." The other cited references (**Washington**, **Goeller** and **Kazaks**) likewise do not teach or suggest these features.

Applicants submit that if **Jones** and **Pinizzotto** were combined, they would merely teach a private label card that could be used for either a private label card transaction or a bankcard transaction (**Jones**) and if used for a private label card transaction, such transaction would be posted in a conventional manner against a private label card account (**Pinizzotto**) and not against a separate financial account as in Applicants' novel invention.

In addition, if one were to assume that **Jones** and **Pinizzotto** disclose all the elements of the present invention (which Applicants believe they do not), the Examiner's rationale for making the combination is not believed proper. The Examiner combines **Jones** and **Pinizzotto** using the rationale that combining a "private card which has flexibility as a result of master card branding with debit card principals of **Pinizzotto** [provides] for the motivation of utilizing debit cards versus credit cards for private label application so as to avoid the cost of credit card processing and further assure that payment will be made," citing paragraph 0004 of **Pinizzotto** (see page 9 of the Examiner's Remarks).

The Examiner is required to state a clear articulation of the reason why the claimed invention would have been obvious when combining references. **MPEP 2143**. Further, as stated in *KSR Int'l v. Teflex Inc.*, 124 S.Ct. at 1727 (2007), "rejections on obviousness grounds cannot be sustained by mere conclusory statements; instead, there must be some articulated underpinnings to support the legal conclusion of obviousness."

First, the cited portion of **Pinizzotto** (paragraph 0004) is a reference to the general disadvantage of credit cards, not a reference to private label cards. Secondly, the cost of credit card processing has nothing to do with Applicants' invention. As noted above (and in the Specification), Applicants' invention is for the purpose of avoiding a private label card customer disputing legitimacy of transactions or defaulting on payments, and avoids such disadvantages by debiting a private label card account transaction against a *separate* financial account at a financial institution *that did not issue the card*. Such a novel feature cannot be properly derived using the broad and vague rationale made by the Examiner in attempting to combine **Jones** and **Pinizzotto**.

Independent claim 19 recites subject matter similar to claim 1 and is believed allowable for the same reasons stated above. Dependent claims 2-9 and 20-26 each recite features in addition to those of their respective parent claims, and are also believed allowable, for at least the same reasons.

### CONCLUSION

In view of the foregoing, Applicants believe all claims now pending in this Application are in condition for allowance. The issuance of a formal Notice of Allowance at an early date is respectfully requested.

If the Examiner believes a telephone conference would expedite prosecution of this application, please telephone the undersigned at 303-571-4000.

Respectfully submitted,

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